

UNITED STATES DISTRICT COURT  
FOR THE EASTERN DISTRICT OF VIRGINIA  
ALEXANDRIA DIVISION

UNITED STATES OF AMERICA	.	Criminal No. 1:11cr162
	.	
vs.	.	Alexandria, Virginia
	.	March 31, 2011
SEAN WILLIAM RAGLAND,	.	2:00 p.m.
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Defendant.	.	
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TRANSCRIPT OF PRE-INDICTMENT PLEA  
BEFORE THE HONORABLE LEONIE M. BRINKEMA  
UNITED STATES DISTRICT JUDGE

APPEARANCES:

FOR THE GOVERNMENT:	CHARLES F. CONNOLLY, AUSA PAUL J. NATHANSON, AUSA United States Attorney's Office 2100 Jamieson Avenue Alexandria, VA 22314
FOR THE DEFENDANT:	J. FREDERICK SINCLAIR, ESQ. J. Frederick Sinclair, P.C. 100 North Pitt Street, Suite 200 Alexandria, VA 22314-3134 and FRITZ JOSEPH SCHELLER, ESQ. 111 North Orange Avenue Orlando, FL 32801
PRETRIAL SERVICES OFFICER:	LEO R. PET
ALSO PRESENT:	WILLIAM B. CUMMINGS, ESQ.
OFFICIAL COURT REPORTER:	ANNELIESE J. THOMSON, RDR, CRR U.S. District Court, Fifth Floor 401 Courthouse Square Alexandria, VA 22314 (703)299-8595

(Pages 1 - 45)

COMPUTERIZED TRANSCRIPTION OF STENOGRAPHIC NOTES

P R O C E E D I N G S

(Defendant present.)

THE CLERK: Criminal Case 11-162, United States of America v. Sean William Ragland. Would counsel please note their appearances for the record.

MR. NATHANSON: Good afternoon, Your Honor. Paul Nathanson and Charles Connolly for the United States.

THE COURT: Good afternoon.

MR. SINCLAIR: Good afternoon, Your Honor. Fred Sinclair and Mr. Fritz Scheller representing Sean Ragland. If I may, Your Honor, I'd like to move the admission of Mr. Scheller to practice before this Court for the purposes of the plea and the sentencing pro hac vice. I have filed a form with the government -- or he has -- showing our \$50 has been paid, and he's in good standing, I would hope.

And I would like to just give you a quick background, Your Honor. He's a 1999 graduate of Boalt Hall, Order of the Coif. In 2000, he became an assistant federal public defender in the Middle District of Florida. 2002, he became a supervisor with that district. He left the Federal Public Defender's Office in 2006, started his own private practice, majority is federal criminal.

He's also handled cases in federal courts in Pennsylvania, Your Honor; New York, the Western and Eastern District of New York; the Southern District of Florida as well, of

1 course, as the Middle District of Florida; and therefore, I'd like  
2 to add the Eastern District to his resume.

3 THE COURT: Very good. I'll grant the motion, and the  
4 paperwork has been signed, Mr Scheller. Welcome on board.

5 MR. SCHELLER: Thank you very much, Your Honor.

6 THE COURT: You know, you need running shoes in this  
7 courtroom.

8 MR. SCHELLER: That's my understanding.

9 THE COURT: Very good. All right, my understanding is  
10 this matter is coming on for a pre-indictment plea, correct?

11 MR. SINCLAIR: It is, Your Honor.

12 THE COURT: All right. Then, Mr. Ragland, you need to  
13 come up to the lectern with one of your counsel, whoever wants to  
14 be the lead counsel on this case.

15 SEAN WILLIAM RAGLAND, DEFENDANT, AFFIRMED

16 THE COURT: All right, Mr. Ragland, you have now taken a  
17 promise to tell the truth in answering all of the Court's  
18 questions. If you should lie in answering any question, the  
19 government could prosecute you for a new and separate crime called  
20 perjury. Do you understand that?

21 THE DEFENDANT: I understand, Your Honor.

22 THE COURT: For the record, what is your full name?

23 THE DEFENDANT: Sean William Ragland.

24 THE COURT: And how old, are you, Mr. Ragland?

25 THE DEFENDANT: I'm 37 years old.

1 THE COURT: How much education have you completed?

2 THE DEFENDANT: I have a Bachelor of Science Degree from  
3 the University of Central Florida. I got a major in finance.

4 THE COURT: And I assume, therefore, that you don't have  
5 any problem reading, writing, understanding, or speaking English;  
6 is that correct?

7 THE DEFENDANT: No, I do not, Your Honor.

8 THE COURT: All right. Are you a United States citizen?

9 THE DEFENDANT: Yes, I am.

10 THE COURT: Are you presently on probation, parole, or  
11 supervised release from any other case?

12 THE DEFENDANT: No, I am not, Your Honor.

13 THE COURT: Are you at this time being treated by a  
14 doctor for any physical or mental condition?

15 THE DEFENDANT: No, I am not, Your Honor.

16 THE COURT: Within the last 24 hours, have you taken any  
17 medication, whether over the counter or by prescription?

18 THE DEFENDANT: No, I have not.

19 THE COURT: Are you at this time under the influence of  
20 any alcohol or drugs?

21 THE DEFENDANT: No, I am not.

22 THE COURT: All right, Mr. Ragland, we have several  
23 documents we need to review this afternoon in relation to your  
24 plea. The first one has the title "Waiver of an Indictment," and  
25 I see what appears to be your signature as well as that of your

1 counsel. Now, do you recall signing the waiver of indictment?

2 THE DEFENDANT: I do, Your Honor.

3 THE COURT: Was that signed today?

4 THE DEFENDANT: Yes, it was.

5 THE COURT: All right. I assume, however, that before  
6 today, you discussed the waiver with counsel. Did you do that?

7 THE DEFENDANT: I did.

8 THE COURT: And did your attorneys explain to you that  
9 under the laws and Constitution of the United States, you have an  
10 absolute right to require that the federal prosecutors go before a  
11 group of people called a federal grand jury with the evidence  
12 they've developed concerning your involvement in a conspiracy to  
13 commit bank fraud and wire fraud? Do you understand that?

14 THE DEFENDANT: I do, Your Honor.

15 THE COURT: Now, a federal grand jury is made up of  
16 anywhere from 16 to 23 ordinary citizens who are brought together  
17 on a random basis, and the purpose of the grand jury process in  
18 our legal system is to basically make sure that before people are  
19 publicly charged with serious criminal activity, that there's  
20 really a factual basis to support such charge or charges, and so  
21 what happens in the grand jury process, which is a secret process,  
22 is a prosecutor goes before the grand jury, advises the grand jury  
23 that he believes that a person may have committed certain federal  
24 felony offenses, and then the prosecutor presents evidence to the  
25 grand jury supporting that position.

1           The evidence could be the testimony of witnesses; it  
2 could be photographs, charts, bank records, etc.; but whatever it  
3 is, when the presentation, which could take a couple of minutes, a  
4 couple of hours, or in some cases weeks or months, but at the end  
5 of the presentation, if at least 12 members of that grand jury are  
6 satisfied that the evidence establishes probable cause to believe  
7 the person may have committed the offense or offenses, then the  
8 grand jury issues a document called an indictment, and that is  
9 normally how a felony-level prosecution begins in federal court.

10           Do you understand that?

11           THE DEFENDANT: I do, Your Honor.

12           THE COURT: So as I said, the grand jury is considered  
13 to be a protection of an individual person's rights, because it's  
14 there to make sure that people are not publicly charged when  
15 there's no basis for the charge. Do you understand that?

16           THE DEFENDANT: I do.

17           THE COURT: Now, a person can give up his right to that  
18 review process, and that would be done by signing a waiver of  
19 indictment. The word "waiver" in the law basically means to give  
20 something up, so by waiving indictment, you're giving up that  
21 grand jury review process, and instead you're authorizing the  
22 prosecutors to come to court today and file this conspiracy charge  
23 against you using a document called a criminal information, and  
24 that information will not have been tested by the grand jury.

25           Do you understand that?

1 THE DEFENDANT: I do, Your Honor.

2 THE COURT: And did you understand all of what I've just  
3 gone over with you before you signed the waiver? In other words,  
4 did your counsel basically explain to you what I've just gone  
5 over?

6 THE DEFENDANT: Yes, they did, Your Honor.

7 THE COURT: Now, other than the plea agreement, which  
8 we'll discuss in a few minutes, has anybody promised or suggested  
9 to you that by waiving indictment, you would get a lighter  
10 sentence from the Court or more favorable treatment by the Court?

11 THE DEFENDANT: No, they have not.

12 THE COURT: Has anyone put any force or pressure on you  
13 to waive indictment today?

14 THE DEFENDANT: None, Your Honor.

15 THE COURT: Mr. Sinclair, have you and cocounsel had  
16 enough time to thoroughly go over this waiver with Mr. Ragland?

17 MR. SINCLAIR: We have, Your Honor.

18 THE COURT: Are you satisfied that Mr. Ragland has  
19 entered the waiver in a knowing and voluntary fashion?

20 MR. SINCLAIR: We are satisfied, Your Honor.

21 THE COURT: All right. Then, Mr. Ragland, at this  
22 point, the Court accepts your waiver. I'm satisfied that you've  
23 entered the waiver in a knowing and voluntary fashion and that  
24 you've had the full advice of counsel in connection with it, and  
25 having accepted the waiver, that allows the United States to file

1 the following information against you, and I assume you've had a  
2 copy of this criminal information? Is that correct?

3 MR. SINCLAIR: We do, Your Honor.

4 THE COURT: All right. So you know that it's alleged  
5 that beginning in or about 2006 and continuing through on or about  
6 August of 2009, you were a member with at least one other person  
7 of a conspiracy, which is basically an agreement, to commit  
8 several offenses against the United States, specifically, bank  
9 fraud and wire fraud, and then it's alleged that in furtherance of  
10 that conspiracy, on May 15, 2008, you sent by e-mail from the TBW  
11 in Ocala, Florida, to a coconspirator in the Eastern District of  
12 Virginia and to investors and other third parties an Ocala Funding  
13 facility report that inflated the assets reportedly held in the  
14 Ocala Funding by approximately \$680 million.

15 Do you understand they'd have to prove -- that's the  
16 case that's been charged against you. Do you understand that?

17 THE DEFENDANT: I understand, Your Honor.

18 THE COURT: And to that conspiracy charge, how do you  
19 want to plead, guilty or not guilty?

20 THE DEFENDANT: I plead guilty, Your Honor.

21 THE COURT: Now, Mr. Ragland, before the Court accepts  
22 that guilty plea, I'm going to review the plea agreement and the  
23 written statement of facts which is part of the plea agreement  
24 with you, and at any point this afternoon if you should change  
25 your mind and decide you don't want to plead guilty, you have an



1 absolute right to withdraw your guilty plea.

2 Do you understand?

3 THE DEFENDANT: I understand, Your Honor.

4 THE COURT: Now, the plea agreement that's been filed  
5 this afternoon is 14 pages long, and I see on page 14 what appears  
6 to be your signature and again today's date. Did you, in fact,  
7 sign the plea agreement?

8 THE DEFENDANT: Yes, Your Honor.

9 THE COURT: And you signed it today here in the  
10 courthouse; is that correct?

11 THE DEFENDANT: Yes, Your Honor.

12 THE COURT: Now, before today, when did you first see  
13 this plea agreement, approximately?

14 THE DEFENDANT: Last Monday.

15 THE COURT: All right. And before last Monday, I assume  
16 before then you had been talking with your attorneys about a  
17 possible plea; is that accurate?

18 THE DEFENDANT: Yes, Your Honor.

19 THE COURT: All right. Now, last Monday, did you get a  
20 copy of the plea agreement to keep, or did you just look at it at  
21 your attorney's office?

22 THE DEFENDANT: I had an electronic copy that was sent  
23 to me from my attorney.

24 THE COURT: All right. And, counsel, Mr. Sinclair, is  
25 the plea agreement that's in court today the exact same agreement

1 that was e-mailed?

2 MR. SINCLAIR: Your Honor, Mr. Scheller will address  
3 that, because he's been doing the initial negotiations. I came  
4 into the case yesterday, but my understanding is that there was  
5 some give and take between Mr. Scheller and the U.S. attorneys,  
6 and then when I got on board, we also tweaked it a little further,  
7 and so the final plea agreement was actually signed today with the  
8 last couple changes, but they're minor changes having to do with  
9 dates and some language in the statement of facts.

10 THE COURT: Was it the statement of facts? All right.

11 The main thing I want to know from you, Mr. Ragland, is  
12 are you satisfied that you've read every word of the plea  
13 agreement?

14 THE DEFENDANT: Yes, Your Honor.

15 THE COURT: All right. That's the critical fact. And  
16 have you discussed this plea agreement thoroughly with your  
17 counsel?

18 THE DEFENDANT: Yes, I have, Your Honor.

19 THE COURT: Have you asked them all the questions that  
20 you have about the plea agreement?

21 THE DEFENDANT: Yes, all the ones I can think of, Your  
22 Honor.

23 THE COURT: All right. And have your attorneys answered  
24 your questions to your satisfaction?

25 THE DEFENDANT: Yes, they have.

1           THE COURT: Are there any questions you want to ask me  
2 about the plea agreement?

3           THE DEFENDANT: No, Your Honor.

4           THE COURT: All right. Now, I want you to look at page  
5 14. I'm going to repeat a little bit of what we've just done, but  
6 I want you to recognize that there's actually language in your  
7 plea agreement that goes over this line of questioning.

8           Right above your signature are two sentences, and they  
9 begin with the words "I have read." Do you see that? And they  
10 go, "I have read this plea agreement and carefully reviewed every  
11 part of it with my attorney. I understand this agreement and  
12 voluntarily agree to it."

13           Do you see those two sentences?

14           THE DEFENDANT: Yes, I do, Your Honor.

15           THE COURT: Are they completely true in every respect?

16           THE DEFENDANT: Yes, they are.

17           THE COURT: Mr. Ragland, by telling the Court that  
18 you've read the entire plea agreement yourself and discussed it  
19 thoroughly with counsel and by also admitting that you understand  
20 the agreement and are voluntarily agreeing to it, that means  
21 you'll be bound by everything that's written in this 14-page  
22 document even if I don't go over every paragraph or page with you  
23 in court today.

24           Do you understand that?

25           THE DEFENDANT: I understand, Your Honor.

1           THE COURT: And the reason for that result is that  
2 really the plea agreement in court today is a written contract  
3 between you and the United States government, and you know from  
4 your background in finance that when a person signs a written  
5 contract after carefully reviewing it and discussing it thoroughly  
6 with counsel and he signs it voluntarily, then that's a binding  
7 legal document, and you can't just come back to court in a couple  
8 of weeks and say, "Well, I've thought more about it. I don't like  
9 page 5. I want to change it." That's too late.

10           Do you understand that?

11           THE DEFENDANT: I understand that.

12           THE COURT: Now, other than the written plea agreement  
13 that's in court today, do you have any side deals or side  
14 understandings with any prosecutor, whether federal or state, in  
15 Virginia, Florida, Georgia, or anyplace else, or any  
16 investigators, including bank examiners, bank officials, SEC  
17 people, or anybody else concerning this case?

18           THE DEFENDANT: No, I do not, Your Honor.

19           THE COURT: Mr. Sinclair, is that correct?

20           MR. SINCLAIR: That's correct, Your Honor.

21           THE COURT: All right. Then let's turn to page 1,  
22 paragraph 1 of the plea agreement, and there it says that you have  
23 agreed to waive indictment, which you have just done, and enter a  
24 guilty plea to the criminal information I just summarized for you.

25           Now, do you understand that a conspiracy offense under

1 section 371 of Title 18, which is what you're charged with, is a  
2 felony which exposes you to up to five years of imprisonment  
3 followed by up to three years of supervised release? In addition,  
4 you could be required to pay a fine of either up to \$250,000 or  
5 alternatively a fine of not more than the greater of twice the  
6 gross loss or gross gain. Do you understand that?

7 THE DEFENDANT: I understand, Your Honor.

8 THE COURT: In addition, you could be required to make  
9 full restitution to the victims of this case, and there will be an  
10 automatic special assessment of \$100 which must be imposed no  
11 matter what your financial situation is. Do you understand that?

12 THE DEFENDANT: I understand that.

13 THE COURT: Now, there is no possibility for parole in  
14 the federal system. That means whatever term of imprisonment is  
15 imposed must be fully served. Do you understand that?

16 THE DEFENDANT: I understand that, Your Honor.

17 THE COURT: And as soon as the prison portion of the  
18 sentence has been served, then the supervised release portion  
19 begins. When a person is on supervised release, he's under the  
20 control of a federal probation officer, and there may be special  
21 requirements during the supervised period.

22 For example, in a financial crime, where there's often  
23 restitution required, there may be limitations on a person's  
24 financial activities, a requirement to waive any privacy rights to  
25 financial records so the Probation Office can monitor that. There

1 may be a set payment plan to make payments against the  
2 restitution. Those are examples of conditions of supervision.

3 I cannot tell you in your case all of the conditions,  
4 because I haven't seen the presentence report. The key fact that  
5 you need to understand, however, is that if you were to violate  
6 any condition of supervised release, you could be brought back to  
7 the court, and if the violation were sustained, you could then be  
8 punished by being sentenced to a period of imprisonment as long as  
9 the period of supervised release, which is three years.

10 Do you understand that?

11 THE DEFENDANT: I understand that, Your Honor.

12 THE COURT: Now, when it comes time for sentencing, the  
13 Court is going to have to look at many different factors. First  
14 we're going to look at the sentencing guidelines that may apply to  
15 your case, and this is discussed in paragraph 6 of your plea  
16 agreement, but first of all, I want to make sure you understand  
17 how guideline sentencing works.

18 The Court basically has to make two factual decisions  
19 before the guidelines can be calculated. The first decision is a  
20 person's criminal history. Criminal histories are divided into  
21 six categories, each getting a number. A No. I history would go  
22 to somebody who's never been in trouble with the law or who has a  
23 very minor record, and then as convictions, probation violations,  
24 and other problems occur, the score goes up, with a level VI going  
25 to the most serious offenders.

1           Do you understand that?

2           THE DEFENDANT: I understand that, Your Honor.

3           THE COURT: And then the Court has to determine the  
4 offense level. Now, every federal crime has a number given to it  
5 by the Sentencing Commission, and then depending upon the facts of  
6 the specific case, that number can go up or down.

7           Now, in paragraph 6 of the plea agreement, and this is  
8 on page 4, you and the government have agreed to certain factors  
9 for guideline purposes. For example, you've agreed that your  
10 criminal history category would be a category I based on your  
11 record and then that various guidelines in terms of the offense  
12 level include the following: that the offense level, the base or  
13 bottom offense level would be a 6; that because there was a loss  
14 of more than \$400 million, there would be a 30-level increase;  
15 because the charge that's involved in Count 1 of the criminal  
16 information involved sophisticated means, that could result in a  
17 two-level further increase; and those are factors that have  
18 increased the offense level.

19           An offense level can be reduced if a defendant accepts  
20 full responsibility for his criminal conduct. In that case, he  
21 can get a two-point reduction and in many cases a third point, and  
22 the government has agreed in paragraph 6.d that if you qualify for  
23 the two-point decrease, they will ask the Court to award you a  
24 third level decrease.

25           The -- in paragraph 6.e, the maximum sentence that's

1 available in this case is five years, or 60 months, and what has  
2 been provided for in 6.e is that if the statutorily authorized  
3 maximum sentence, which again is 60 months in this case, is less  
4 than the minimum of the applicable guideline range, the  
5 statutorily maximum sentence shall be the guideline sentence.  
6 That's what you-all have agreed to for purposes of the guidelines,  
7 and then there are no other agreements as to the guidelines.

8 Now, do you understand all of what's in paragraph 6?

9 THE DEFENDANT: I do, Your Honor.

10 THE COURT: All right. The most important fact you need  
11 to understand is that although paragraph 6 is binding on the  
12 prosecution and on you and your counsel, it -- in no way does it  
13 limit the probation officer who's going to prepare the presentence  
14 report, which will include a guideline calculation, or this Court.  
15 Do you understand that?

16 THE DEFENDANT: I understand that, Your Honor.

17 THE COURT: So if the presentence report has different  
18 numbers in it, that does not mean that the plea agreement's been  
19 violated, and it would not give you a basis to withdraw your  
20 guilty plea. Do you understand that?

21 THE DEFENDANT: I understand that, Your Honor.

22 THE COURT: All right. But at the sentencing hearing,  
23 the Court will have the two numbers, the criminal history number  
24 and the offense number, whatever they are, whatever we decide they  
25 are, and those two numbers will be put on the guideline table



1 which will establish an advisory guideline range, which I suspect  
2 in this case will be well above the 60-month maximum sentence in  
3 this case. The Court is limited by that maximum of 60 months.

4 Do you understand that?

5 THE DEFENDANT: I do, Your Honor.

6 THE COURT: All right. In addition to the guidelines,  
7 however, the Court must also consider many factors that are  
8 spelled out in section 3553(a) of Title 18, so before any sentence  
9 is imposed, the Court is going to look very carefully at your  
10 entire background, your work history, your family history, any  
11 medical issues in your past. We're going to look very carefully  
12 at exactly what you did in this conspiracy.

13 We have to take into consideration other persons --  
14 several people have now pled guilty as part of this overall  
15 conspiracy case -- so that the sentences are as appropriate as  
16 possible reflecting the various levels of culpability of the  
17 various people involved. Do you understand that?

18 THE DEFENDANT: I understand that, Your Honor.

19 THE COURT: The Court must also consider the deterrent  
20 effect of any sentence both as a way of deterring you from  
21 committing similar criminal activity in the future and also for  
22 sending a clear message to others in financial institutions to make  
23 sure that they think twice about getting involved in such conduct.  
24 Do you understand that?

25 THE DEFENDANT: I understand, Your Honor.

1           THE COURT: And so when all of that is looked at,  
2 ultimately the Court will decide the sentence.

3           Now, I'm going to assume that you've discussed with your  
4 counsel both the guidelines that may ultimately apply to your case  
5 as well as the final sentence that you could be expecting. Is  
6 that a fair description of what you've done?

7           THE DEFENDANT: That's correct, Your Honor.

8           THE COURT: I want to make sure you understand that no  
9 matter what your attorneys may have said to you in terms of what  
10 they think you may get in terms of a sentence or, for that matter,  
11 if the prosecutors, investigators, or anybody else have given you  
12 estimates or suggestions about what sentence they think you may  
13 get, none of those discussions in any respect limit or bind the  
14 Probation Office or this Court.

15           Do you understand that?

16           THE DEFENDANT: I do, Your Honor.

17           THE COURT: And if at the sentencing hearing the Court  
18 imposes a sentence on you that is different from what you are  
19 expecting or hoping for, that will not give you a basis to  
20 withdraw your guilty plea. Do you understand that?

21           THE DEFENDANT: I do, Your Honor.

22           THE COURT: Now, normally a defendant in a criminal case  
23 can appeal the sentence imposed on him, but if you look at  
24 paragraph 5 of your plea agreement, and this is on page 3, in the  
25 second sentence, it indicates that you are knowingly waiving the

1 right to appeal both your conviction for the conspiracy that's  
2 charged in the information and any sentence as long as the  
3 sentence is not greater than the statutory maximum.

4 That means as long as the Court does not sentence you to  
5 more than 60 months of incarceration followed by three years of  
6 supervised release and the fine is not greater than either of the  
7 two fine mechanisms that are described in paragraph 1 of the plea  
8 agreement and the special assessment is not greater than \$100, you  
9 cannot appeal that sentence for any reason.

10 Do you understand that?

11 THE DEFENDANT: I do, Your Honor.

12 THE COURT: Now, in exchange for your guilty plea, the  
13 government has agreed, No. 1, in paragraph 10 of the plea  
14 agreement that there will be no further prosecution for you -- of  
15 you for the activities described in the information or the  
16 statement of facts in this district and also the Middle District  
17 of Florida. So that's where -- is it Ocala or "Ocala"? How do  
18 you pronounce it?

19 MR. SCHELLER: "Ocala."

20 THE COURT: "Ocala"? I'll know that by the end of the  
21 next few weeks, I suppose.

22 But Ocala is in the Middle District of Florida, so the  
23 activities that occurred there that U.S. attorney has also agreed  
24 not to prosecute you for, but there were certainly activities  
25 involved in the overall conspiracy in Georgia, for example, and

1 there may very well be other, other jurisdictions affected as  
2 well, and what you need to understand is those U.S. attorneys have  
3 not agreed to this agreement.

4 Do you understand that?

5 THE DEFENDANT: I understand, Your Honor.

6 THE COURT: So there's still potentially liability  
7 there.

8 Now, I've said in all the other pleas I've taken in this  
9 case that I don't agree with the position the government is taking  
10 in paragraph 10 that only the Fraud Section of the Criminal  
11 Division is barred from further prosecuting the defendant  
12 criminally for activities related to this case. I think at the  
13 very least, one section of the Criminal Division binds the whole  
14 Criminal Division, and I -- some day we'll have to litigate that,  
15 I suppose, but I'm just letting you know that's what the  
16 government says in this plea agreement. I'm not sure that they  
17 could, that they could justify another prosecution of you for  
18 activities related to this case coming from another section of the  
19 Criminal Division. That's down the road.

20 But clearly, paragraph 10 does not give you universal  
21 immunity. That's the main thing I want you to understand.

22 THE DEFENDANT: I do understand that, Your Honor.

23 THE COURT: All right. And, Mr. Sinclair, I'm sure as a  
24 former prosecutor, you've explained all of that to him.

25 MR. SINCLAIR: I have, Your Honor.

1           THE COURT: All right, that's fine.

2           Now, you've agreed in paragraph 9 to a restitution  
3 order. That amount has not been specifically determined at this  
4 point, but you understand that that could be a very significant  
5 amount?

6           THE DEFENDANT: Yes, I do, Your Honor.

7           THE COURT: All right. You have agreed in paragraph 11  
8 to cooperate with the United States, and the cooperation is  
9 described in subparagraphs a through f but includes among other  
10 things your testifying truthfully and completely at any trials,  
11 grand juries, or other proceedings; your being reasonably  
12 available for debriefings and pretrial conferences; and your  
13 agreeing to provide documents and any other evidence to the  
14 government for its use in any criminal investigation.

15           Do you understand that?

16           THE DEFENDANT: I do, Your Honor.

17           THE COURT: In paragraph 12, the United States has  
18 agreed that it will not use any truthful information that you  
19 provide under paragraph 11 in any prosecution against you in the  
20 Eastern District of Virginia, the Middle District of Florida, or  
21 by the Fraud Section, and again, I'm not convinced that that would  
22 necessarily limit -- is as limited as they say, but the essential  
23 thing is you've got to be completely truthful. If you leave  
24 something out or it's anything dishonest, then you wouldn't get  
25 the protections of paragraph 12.

1 Do you understand that?

2 THE DEFENDANT: Yes, I do, Your Honor.

3 THE COURT: All right. Now, most defendants who  
4 cooperate with the government do so with the hope that at the end  
5 of the day, the cooperation will result in some benefit with the  
6 sentence, and that can happen in one of two ways. This is  
7 addressed in paragraph 15 of your plea agreement, on page 9.

8 Either at the sentencing hearing itself or before  
9 sentencing, the government could file a motion under 5K1.1 of the  
10 guidelines, and that kind of a motion would ask the Court to  
11 impose a sentence below the guideline range because of a  
12 defendant's substantial cooperation. Do you understand that?

13 THE DEFENDANT: I do, Your Honor.

14 THE COURT: The other way in which a sentence can be  
15 affected by cooperation is if after the person has been sentenced,  
16 so usually the person is now in prison serving the sentence, the  
17 government files a Rule 35(b) motion, which would ask the Court to  
18 reduce an already-imposed sentence.

19 Now, only the government can make one of those two  
20 motions, and what you need to understand is that the government  
21 has not promised you that it will file such a motion even if  
22 you've cooperated. Do you understand that?

23 THE DEFENDANT: I do understand that, Your Honor.

24 THE COURT: All right. And so if they do not file such  
25 a motion, that is not a violation of the plea agreement, and it

1 would not give you a basis to withdraw your guilty plea. Do you  
2 understand that?

3 THE DEFENDANT: I understand, Your Honor.

4 THE COURT: Moreover, paragraph 15 is not binding on the  
5 Court, so let's say, for example, the government did file a Rule  
6 35(b) motion and asked the Court to reduce your sentence by 60  
7 percent and I felt for various reasons that only a 10 percent  
8 reduction was appropriate and that was my decision. That decision  
9 would not violate the plea agreement, and it would not give you a  
10 basis to withdraw your guilty plea.

11 Do you understand that?

12 THE DEFENDANT: I do understand that, Your Honor.

13 THE COURT: Now, paragraphs 16, 17, and 18 discuss  
14 forfeiture. Individuals who are involved in criminal activity and  
15 who obtain any money or, or assets through that activity or who  
16 use property, for example, they drive their car to some illicit  
17 meeting, can give up their right to that property, and what  
18 paragraphs 16 through 18, although they don't specifically  
19 describe any actual property involved here, do put various  
20 obligations on you about revealing property and agreeing not to  
21 oppose forfeiture if the government seeks to forfeit it.

22 Do you understand that?

23 THE DEFENDANT: I do understand that, Your Honor.

24 THE COURT: All right. Now, have you had enough time to  
25 explain everything you know about this case with your attorneys?

1 THE DEFENDANT: Yes, I have, Your Honor.

2 THE COURT: And have they discussed the nature of this  
3 conspiracy charge and any ways in which you could possibly defend  
4 yourself against the charge with you?

5 THE DEFENDANT: Yes, they have.

6 THE COURT: Are you fully satisfied with the way your  
7 counsel have represented you in this matter?

8 THE DEFENDANT: I'm satisfied, Your Honor.

9 THE COURT: And do you understand that you still have a  
10 right at this time to plead not guilty and to go to trial on the  
11 charge?

12 THE DEFENDANT: I do, Your Honor.

13 THE COURT: If you were to go to trial, then the burden  
14 would be on the government to prove you guilty. In order for that  
15 to happen, they must prove your guilt beyond a reasonable doubt.  
16 Do you understand that?

17 THE DEFENDANT: I do, Your Honor.

18 THE COURT: And specifically, they'd have to prove,  
19 No. 1, that there was, in fact, a conspiracy as they've described  
20 it in the information. So they have to show that between 2006 and  
21 August of 2009, there was an agreement between at least two people  
22 to commit the crimes of bank fraud and wire fraud. They then have  
23 to prove that at least one act in furtherance of that conspiracy  
24 occurred in the Eastern District of Virginia.

25 They then have to prove that you knowingly and



1 intentionally, and that means not by an accident or mistake or  
2 some other innocent reason, joined into the activities of the  
3 conspiracy. You don't have to have done it from the very  
4 beginning or been a member of the conspiracy to its very end, but  
5 they've got to prove beyond a reasonable doubt that at some point  
6 during that three-year time span, you knowingly and intentionally  
7 engaged in the activities of the conspiracy.

8 Do you understand that?

9 THE DEFENDANT: I do, Your Honor.

10 THE COURT: And then lastly, they'd have to prove beyond  
11 a reasonable doubt the overt act which they've alleged on page 3  
12 of the information, which is that on or about May 15 of 2008, you  
13 sent an e-mail from TBW in Ocala, Florida, to a coconspirator in  
14 the Eastern District of Virginia as well as to others, and in that  
15 you reported that inflated assets allegedly being held by the  
16 Ocala Funding, they were inflated by about \$680 million.

17 That's the specific overt act that they've alleged in  
18 this case. There could very well be other overt acts as well, but  
19 that's the one they've alleged, and they'd have to prove beyond a  
20 reasonable doubt to convict you. Do you understand that?

21 THE DEFENDANT: I understand, Your Honor.

22 THE COURT: Now, if you pled not guilty, there are  
23 various rights and protections a person has who goes to trial,  
24 most of which are given up by pleading guilty. At trial, you  
25 could see all of the government's witnesses and evidence and test

1 it all through the questions of your counsel. Do you understand  
2 that?

3 THE DEFENDANT: I do, Your Honor.

4 THE COURT: You could ask the Court to issue subpoenas  
5 that would require the presence at the courthouse of either  
6 witnesses or physical evidence that you could use in your defense.  
7 Do you understand that?

8 THE DEFENDANT: I do, Your Honor.

9 THE COURT: You could testify as a witness. Do you  
10 understand that?

11 THE DEFENDANT: I do.

12 THE COURT: However, you could also invoke your Fifth  
13 Amendment right to remain silent, and if you chose not to testify,  
14 no inference of guilt could be drawn from that decision. Do you  
15 understand that?

16 THE DEFENDANT: I do, Your Honor.

17 THE COURT: You would, of course, have the right to the  
18 help of a lawyer at all stages of your trial, and if you could not  
19 afford to hire counsel for yourself, we would make sure you had a  
20 lawyer at taxpayers' expense. Do you understand that?

21 THE DEFENDANT: I do, Your Honor.

22 THE COURT: Now, there are two different ways in which a  
23 case can be tried. You can have a trial by a jury, in which case  
24 12 ordinary citizens are randomly brought to the courthouse to  
25 decide the case, or you can have a trial by a judge sitting alone,

1 called a bench trial, but in either type of trial, whether to a  
2 judge alone or to a jury, you could not be convicted unless the  
3 government proved your guilt beyond a reasonable doubt.

4 Do you understand that?

5 THE DEFENDANT: I do, Your Honor.

6 THE COURT: And if you continued with a not guilty plea,  
7 your counsel could try to attack the prosecution's case, and there  
8 are different ways in which that can be done. Sometimes, for  
9 example, there are pretrial motions that can successfully keep  
10 evidence out of the case.

11 If, for example, you gave a confession to investigators  
12 and you had not been given your proper *Miranda* warnings or there  
13 were other problems with the way in which the confession was  
14 obtained, it could possibly be the case that your confession  
15 couldn't be used against you.

16 I don't know what, if any, defenses of that sort you  
17 might have, but what you need to understand is that by pleading  
18 guilty, you're giving them up. Do you understand that?

19 THE DEFENDANT: I do, Your Honor.

20 THE COURT: And lastly, if you pled not guilty and you  
21 went to trial and you were found guilty at trial, you could appeal  
22 that finding of guilt to a higher-level court. Now, do you  
23 understand that both under the terms of this plea agreement as  
24 well as the way the law is structured, by being found guilty based  
25 upon your guilty plea, you give up your right to appeal your

1 conviction? Do you understand that?

2 THE DEFENDANT: I do understand that, Your Honor.

3 THE COURT: Other than the written plea agreement that's  
4 in court this afternoon, has anybody promised or suggested to you  
5 that by pleading guilty, you would get a lighter sentence or more  
6 favorable treatment by the Court?

7 THE DEFENDANT: No, they have not, Your Honor.

8 THE COURT: Has anyone put any force or pressure on you  
9 to plead guilty today?

10 THE DEFENDANT: None, Your Honor.

11 THE COURT: All right. Mr. Ragland, the last document  
12 we need to review is the written statement of facts, which is five  
13 pages long, and I see on page 5 again what appears to be your  
14 signature and today's date.

15 THE DEFENDANT: Yes.

16 THE COURT: Did you, in fact, sign this statement of  
17 facts?

18 THE DEFENDANT: Yes, Your Honor.

19 THE COURT: All right. And before signing the  
20 statement, did you very carefully go over it yourself and with  
21 your counsel?

22 THE DEFENDANT: Yes, I did, Your Honor.

23 THE COURT: Is it completely accurate in every respect?

24 THE DEFENDANT: Yes.

25 THE COURT: So as I understand it, you started working

1 at Taylor, Bean & Whitaker Mortgage Corp. in Ocala, Florida, in  
2 2002; is that right?

3 THE DEFENDANT: That's correct.

4 THE COURT: And that's before this conspiracy began; is  
5 that your understanding?

6 THE DEFENDANT: Yes, Your Honor.

7 THE COURT: All right. And then in 2004, you joined the  
8 accounting department; is that correct?

9 THE DEFENDANT: That's correct.

10 THE COURT: And later on then you were promoted to  
11 becoming senior financial analyst, and you reported to the chief  
12 financial officer; is that correct?

13 THE DEFENDANT: That's correct, Your Honor.

14 THE COURT: And who was the chief financial officer at  
15 that time?

16 THE DEFENDANT: Delton De'Armas.

17 THE COURT: All right. And it says that in 2005, you  
18 were assigned responsibilities for reporting and tracking issues  
19 related to the Ocala Funding LLC facility. Is that correct?

20 THE DEFENDANT: That is correct, Your Honor.

21 THE COURT: And just so I know, very briefly, what is  
22 meant by tracking and -- reporting and tracking issues?

23 THE DEFENDANT: That would be any of the reporting that  
24 was responsible for going out in conjunction with rolling  
25 commercial paper or the monthly reports to -- as stated and

1 required in the documents for the facility of Ocala Funding to  
2 continue running.

3 THE COURT: All right. And it indicates in paragraph 2  
4 that from on or about 2006 'til August of 2009, you and the  
5 coconspirators began to engage in a scheme to defraud financial  
6 institutions that had invested in Ocala Funding. Do you agree  
7 that you started to do that?

8 THE DEFENDANT: Yes, Your Honor.

9 THE COURT: All right. And that one of the goals of the  
10 scheme to defraud was to mislead investors and auditors as to the  
11 financial health of Ocala Funding. Is that correct?

12 THE DEFENDANT: That's correct, Your Honor.

13 THE COURT: Had you become aware that there were  
14 financial health problems with that funding?

15 THE DEFENDANT: Yes, Your Honor.

16 THE COURT: All right. Do you agree that nearly  
17 1 billion -- that over \$1 billion ultimately was misappropriated?

18 THE DEFENDANT: I don't know the exact figure, but that  
19 doesn't surprise me, Your Honor.

20 THE COURT: All right. Now, is it correct that the  
21 Ocala Funding was managed solely by TBW and had no employees of  
22 its own?

23 THE DEFENDANT: No, it did not have any employees of its  
24 own.

25 THE COURT: All right. And you were one of the TBW

1 employees responsible for preparing the monthly reports relating  
2 to the assets and outstanding liabilities of that entity; is that  
3 correct?

4 THE DEFENDANT: That's correct.

5 THE COURT: Funding? All right.

6 And it says in paragraph 4 that as you prepared these  
7 reports, you knew and understood that Ocala Funding's assets,  
8 including mortgage loans and cash, had to be greater than or equal  
9 to its liabilities, which would include outstanding commercial  
10 paper held by the financial institutions and a relatively small  
11 amount of subordinated debt. Is that correct?

12 THE DEFENDANT: That is correct, Your Honor.

13 THE COURT: All right. And you understood that from  
14 what, your accounting background?

15 THE DEFENDANT: From my finance background and from,  
16 from the documents, like the Exhibit C. That's what it stated in  
17 the actual document itself.

18 THE COURT: All right. And it says in paragraph 5 that  
19 shortly after Ocala Funding was established, you learned that  
20 there was a shortage of assets in that funding, and you began  
21 tracking this what's called hole on your own initiative. Is that  
22 correct?

23 THE DEFENDANT: That is correct, Your Honor.

24 THE COURT: And I'm curious, why did you do that?

25 THE DEFENDANT: I was trying to understand what was

1 going on with the facility. I wanted to understand why it was,  
2 why the hole was growing.

3 THE COURT: All right.

4 THE DEFENDANT: What was the exact reason why.

5 THE COURT: And it says that the hole grew significantly  
6 over time and by June of 2008 had grown to over \$700 million.

7 THE DEFENDANT: That is correct, Your Honor.

8 THE COURT: And that's based on your calculations?

9 THE DEFENDANT: My calculations, Your Honor.

10 THE COURT: Now, were you advising anybody as to that  
11 hole?

12 THE DEFENDANT: Yes, I was, Your Honor.

13 THE COURT: And it says in the last sentence of  
14 paragraph 5 you kept the CEO and CFO informed, and who are those  
15 two people?

16 THE DEFENDANT: Paul Allen was the CEO, and the CFO was  
17 Delton De'Armas.

18 THE COURT: All right. And then it says in paragraph 6  
19 to cover up the hole at the direction of other coconspirators, you  
20 prepared documents that inaccurately and intentionally inflated  
21 figures representing the aggregate value of the loans held in that  
22 facility or underreported the amount of outstanding commercial  
23 paper. Is that correct?

24 THE DEFENDANT: That is correct, Your Honor.

25 THE COURT: Were there specific people who were giving



1 you those directions to do that?

2 THE DEFENDANT: Yes, Your Honor.

3 THE COURT: And who were those people?

4 THE DEFENDANT: The CEO, Paul Allen, and I also spoke  
5 about what was going on with the CFO, Delton De'Armas, as well.

6 THE COURT: All right. And then you went ahead and sent  
7 the false information to the financial institution investors,  
8 which included Deutsche Bank and BNP Paribas, as well as to other  
9 third parties; is that correct?

10 THE DEFENDANT: Yes, Your Honor.

11 THE COURT: All right. It says in paragraph 7 at the  
12 direction of a coconspirator, you also sent the false reports to  
13 an outside audit firm that reviewed financial reports relating to  
14 the facility. Is that correct?

15 THE DEFENDANT: That is correct.

16 THE COURT: And who was the outside audit firm?

17 THE DEFENDANT: James Moore & Company.

18 THE COURT: All right. And who was the coconspirator  
19 who directed you to do that?

20 THE DEFENDANT: I'm sorry, say that again, please?

21 THE COURT: Yeah, who was the coconspirator who directed  
22 you to do that?

23 THE DEFENDANT: Paul Allen, the CEO.

24 THE COURT: All right. It says in paragraph 8 that you  
25 learned that coconspirators were transferring hundreds of millions

1 of dollars from the Ocala Funding bank accounts, which were  
2 located at LaSalle Bank, to TBW accounts, including the TBW  
3 operating account, and that those transfers contributed to the  
4 hole. Is that correct?

5 THE DEFENDANT: Yes, Your Honor.

6 THE COURT: And you discovered that yourself?

7 THE DEFENDANT: Yes, through the tracking process.

8 THE COURT: All right. And it indicates here that you  
9 did not personally receive any funds from -- that had been  
10 misappropriated. Is that correct?

11 THE DEFENDANT: Yes, Your Honor.

12 THE COURT: All right. And just so I'm clear, in terms  
13 of this overt act, can you give me any more detail? On May 15,  
14 2008, did you send an e-mail from TBW in Ocala to a coconspirator  
15 in the Eastern District of Virginia? Do you remember that  
16 incident?

17 THE DEFENDANT: Yes, Your Honor.

18 THE COURT: All right. And did you send the same e-mail  
19 to investors and other third parties?

20 THE DEFENDANT: Yes, Your Honor.

21 THE COURT: All right. And just give me a brief  
22 description, what kind of an e-mail was that?

23 THE DEFENDANT: It was an e-mail with the monthly  
24 facility's content summary report.

25 THE COURT: And so did that, in fact, include the

1 inflated assets?

2 THE DEFENDANT: Yes, Your Honor.

3 THE COURT: All right. And did you understand that by  
4 sending that document, you were sending false information to those  
5 entities?

6 THE DEFENDANT: Yes, I did, Your Honor.

7 THE COURT: All right. Now, do you understand,  
8 Mr. Ragland, that if the Court accepts your guilty plea today,  
9 there'll be no further trial of the issue, and you will be found  
10 guilty of this conspiracy?

11 THE DEFENDANT: Yes, Your Honor.

12 THE COURT: Do you claim in any respect that you are  
13 innocent of the charge?

14 THE DEFENDANT: No, I do not, Your Honor.

15 THE COURT: How then do you plead, guilty or not guilty?

16 THE DEFENDANT: I plead guilty, Your Honor.

17 THE COURT: All right. Mr. Sinclair, have you and  
18 cocounsel had enough time to fully go over this plea with  
19 Mr. Ragland?

20 MR. SINCLAIR: We have, Your Honor.

21 THE COURT: Are you both satisfied that the plea is in  
22 accord with your understandings of the facts and circumstances?

23 MR. SINCLAIR: We are, Your Honor.

24 THE COURT: And that the defendant has entered his plea  
25 in a knowing and voluntary fashion?

1 MR. SINCLAIR: Yes, Your Honor.

2 THE COURT: All right, Mr. Ragland, based on all these  
3 answers to the Court's questions, I am satisfied that you've  
4 entered your guilty plea knowingly and voluntarily, that you've  
5 had the full advice of counsel in connection with the plea, and  
6 that the written statement of facts as well as what you've orally  
7 added to that statement in court today is more than enough  
8 evidence upon which to find you guilty beyond a reasonable doubt,  
9 so the plea is accepted, and you're found guilty.

10 Now, we need to set this case for sentencing, and I've  
11 reviewed the Pretrial Services report, and I intend to set the  
12 defendant free on a bond, but let's get the date for sentencing  
13 first.

14 MR. SINCLAIR: Do you have June 24 available, Your  
15 Honor?

16 THE COURT: I think that's in the midst of the Judicial  
17 Conference this year, Mr. Sinclair, but I'm doing my --

18 MR. SINCLAIR: We can go down to Greenbrier.

19 THE COURT: But I will be doing some matters, I have a  
20 sentencing already scheduled for Tuesday the 21st. Would that  
21 work on your calendar?

22 MR. SINCLAIR: We understand the probation officer is  
23 jammed, Your Honor, and I think we're asking for extra time in the  
24 case. Is the 21st all right?

25 THE COURT: Oh, the 21st is going to give them 81 days.

1 MR. SINCLAIR: Okay.

2 THE COURT: And they're going to know about this case.  
3 They've got multiple coconspirators, so they'll have the statement  
4 of facts.

5 MR. SINCLAIR: So is it Tuesday morning or afternoon,  
6 Your Honor?

7 THE COURT: Tuesday morning.

8 MR. NATHANSON: That's fine with the government, Your  
9 Honor.

10 THE COURT: We can do it at 10:15-10:30?

11 MR. SINCLAIR: Whatever is the Court's pleasure.

12 THE COURT: How about 10:15? Because I have another  
13 sentencing set at ten.

14 MR. SINCLAIR: Your Honor, may I be heard on the terms  
15 and conditions of the personal recognizance?

16 THE COURT: Yes.

17 MR. SINCLAIR: If Your Honor please, since this was  
18 prepared, as Mr. Ragland was about to board the plane last night,  
19 he was informed by his current employer that he was losing his job  
20 because of this instant offense, and so he really had no other  
21 reason to be in San Antonio but for his employment, so he's hoping  
22 to try to sell the house or close it up and then come back, and  
23 he's planning with his wife and children to live with his father,  
24 who is a professor at the University of Georgia, in Athens,  
25 Georgia.

1 I would therefore ask Your Honor if possible to allow  
2 him to travel within the Continental United States. If you want  
3 more specificity, then I would ask for the States of Texas,  
4 Florida, where cocounsel is, Georgia, where his family is, Eastern  
5 District, where I am and, of course, where the Court is at a  
6 minimum, but I just think, Your Honor, if he's going to -- well,  
7 I'll address the passport in a second, but I don't think he's in  
8 light of his prior record and everything else, he'd be allowed to  
9 flee, and I would ask therefore Your Honor just allow him to  
10 travel within the Continental United States.

11 THE COURT: I don't have any problem with travel, but  
12 it's got to be pre- -- he has to pre-notify Pretrial. They have  
13 to know where the defendant is.

14 MR. SINCLAIR: I have no problem with that, Your Honor.

15 THE COURT: Yeah.

16 MR. SINCLAIR: As long as he can just call them. I  
17 mean, sometimes, you know, he may be leaving Texas on short notice  
18 to go back to Georgia, but I just would have him inform the  
19 people, Pretrial of his planned travel. Is Pretrial for this  
20 district going to monitor it, Your Honor, do you know? Because  
21 I'm not sure. Is Pretrial from this district going to monitor  
22 his --

23 THE COURT: No. It will be transferred to wherever he's  
24 residing.

25 MR. SINCLAIR: It's Georgia, okay.

1           THE COURT: Well, right now it's still going to be  
2 Texas, because that's where his home is. I mean, isn't he  
3 sleeping every night -- where is his family?

4           MR. SINCLAIR: He's about to move right now, aren't  
5 they?

6           THE DEFENDANT: As soon as I can.

7           THE COURT: Well, it would be a brief period of time in  
8 Texas, Your Honor, but I believe that as soon as they can get the  
9 furniture and household effects packed up or put in storage, they  
10 plan on moving back to Georgia.

11          THE COURT: All right. Mr. Pet, you're here from  
12 Pretrial?

13          MR. PET: Yes, Your Honor.

14          THE COURT: All right, I don't want to write all of this  
15 out. You're hearing it in court, and here's how I'll describe it  
16 in the -- I'll put a cryptic statement, but your job is to make  
17 sure it's communicated to the authorities. I think the easiest  
18 thing is if the defendant's only going to be in Texas a couple of  
19 days, we would keep the supervision up here, but it sounds as  
20 though it's going to take a couple of weeks to wrap up the house.

21          MR. SINCLAIR: At least, Your Honor, yes.

22          THE COURT: So the best thing is to have it  
23 transferred down -- would that be the Southern District of Texas?

24          MR. SINCLAIR: I think it's the Western District, Your  
25 Honor.

1 THE COURT: Do either of you know?

2 MR. SINCLAIR: Your Honor, a long time ago, I went down  
3 there when I was assistant U.S. attorney appointed as a special  
4 prosecutor down there for a marijuana case, and I believe San  
5 Antonio and Austin were in the Western District, if I'm correct.

6 Am I correct?

7 MR. SCHELLER: I think so.

8 MR. SINCLAIR: I'll find out for you, Your Honor, or  
9 Mr. Pet, he can find out.

10 THE COURT: I'm putting in "Western" with a question  
11 mark, and Pretrial has the right to correct, to change that, all  
12 right?

13 MR. SINCLAIR: I'm sure the Alamo had to be in the West,  
14 Your Honor. It's got to be the Western District.

15 THE COURT: Okay.

16 MR. SINCLAIR: Also, Your Honor, with respect to the  
17 passport, as the Court is well aware, when you turn the passport  
18 in, it's hard to get the passport back, and cocounsel,  
19 Mr. Scheller, is willing to put the passport in his vault. Would  
20 the Court allow that?

21 THE COURT: Yes.

22 MR. SINCLAIR: Okay. Thank you.

23 THE COURT: All right. Mr. Ragland, I'm going to  
24 release you on the following conditions: First of all, you must  
25 be of uniform good behavior. That means you cannot violate any



1 federal, state, or local, which would include driving, laws while  
2 on supervision. Do you understand that?

3 THE DEFENDANT: Yes, Your Honor.

4 THE COURT: Secondly, you have to comply with all the  
5 conditions that will be spelled out in the order setting  
6 conditions of release, and they'll also be explained to you by  
7 Pretrial. Do you understand that?

8 THE DEFENDANT: Yes, I do, Your Honor.

9 THE COURT: Now, as special conditions, you must  
10 reappear in this court on Tuesday, June 21, 2011, at 10:15 for  
11 sentencing. Do you understand that?

12 THE DEFENDANT: Yes, I do, Your Honor.

13 THE COURT: I think in all of these cases, we've had a  
14 \$50,000 unsecured bond. Is the government requesting that in this  
15 case?

16 MR. NATHANSON: Yes, Your Honor, that's correct.

17 THE COURT: All right. And that means, Mr. Ragland,  
18 that if you were to fail to appear or otherwise violate any  
19 condition of this order, the government would have a judgment  
20 against you for \$50,000. Do you understand that?

21 THE DEFENDANT: I understand that, Your Honor.

22 THE COURT: You must actively seek employment. Do you  
23 understand that?

24 THE DEFENDANT: Yes, Your Honor.

25 THE COURT: And you will have to advise all future

1 employers or prospective employers of this conviction. Do you  
2 understand that?

3 THE DEFENDANT: I do, Your Honor.

4 THE COURT: All right. You must continue to reside at  
5 your current address and not leave the Western, question mark,  
6 District of Texas without permission in advance from Pretrial  
7 Services. You may travel anywhere in the United States with  
8 permission from Pretrial, and they are to grant that liberally.  
9 Do you understand that?

10 THE DEFENDANT: I do, Your Honor.

11 THE COURT: You must avoid contact with any witness in  
12 this case or persons considered to be alleged victims or potential  
13 witnesses unless in presence of counsel. Do you understand that?

14 THE DEFENDANT: I do, Your Honor.

15 THE COURT: You have a right to talk to anybody you want  
16 to talk to concerning this case, although I suspect you want to  
17 talk to counsel first, but if you want to talk to Mr. Cummings or  
18 other counsel for Mr. Farkas or anybody else, you can do so. You  
19 also have a right not to do so. Do you understand that?

20 THE DEFENDANT: I do, Your Honor.

21 THE COURT: All right. But whatever you do, you need to  
22 have counsel present when you do it. Do you understand that?

23 THE DEFENDANT: I do, Your Honor.

24 THE COURT: All right. You cannot possess a firearm,  
25 destructive device, or other dangerous weapon. Do you understand

1 that?

2 THE DEFENDANT: I do, Your Honor.

3 THE COURT: Is there anybody in your household who has  
4 firearms?

5 THE DEFENDANT: No, Your Honor.

6 THE COURT: All right. You may not use alcohol to  
7 excess or use or possess any illegal drugs. Do you understand  
8 that?

9 THE DEFENDANT: I do, Your Honor.

10 THE COURT: You must surrender your passport to counsel  
11 immediately. Do you understand that?

12 THE DEFENDANT: I do and I have, Your Honor.

13 THE COURT: All right. And you may not obtain a  
14 passport or other travel documents while on bond. Do you  
15 understand that?

16 THE DEFENDANT: I do, Your Honor.

17 THE COURT: Are there any other conditions of release  
18 that the government wants the government to impose?

19 MR. NATHANSON: No, Your Honor.

20 THE COURT: Mr. Pet, did I leave anything off of the  
21 list?

22 MR. PET: No, Your Honor.

23 THE COURT: All right, that's fine.

24 Now, Mr. Ragland, when you leave court today -- and  
25 Mr. Sinclair knows the drill, but just let me go over it for the

1 record -- you need to check in with the Marshals Service, where  
2 you will be processed; you need to go to the Clerk's Office to  
3 sign the bond papers; you need to go to the Pretrial Office to  
4 talk to Pretrial Services about how they're going to coordinate  
5 your supervision; and you also need to check in with the Probation  
6 Office.

7 Do you understand that?

8 THE DEFENDANT: Yes, I do, Your Honor.

9 THE COURT: All right. Is there anything further on  
10 this case? No?

11 MR. SINCLAIR: No, Your Honor.

12 THE COURT: All right. Since I have counsel for the  
13 government and, Mr. Cummings, I see you here, and you're counsel  
14 for Mr. Farkas, I know we have motions tomorrow, but I wanted you  
15 both to know so you can take it back to your respective teams,  
16 because of the large number of jurors who we're going to have  
17 called in on Monday, I'm using Judge Cacheris's courtroom on the  
18 10th floor for the jury selection process.

19 Once we have the jury selected, we'll come back and do  
20 the trial in this courtroom, but I want to have enough seating so  
21 that all the jurors can be seated in the spectator area and there  
22 will still be enough room for a certain number of the public, the  
23 media, whatever, but I wanted you to know that. So be prepared on  
24 Monday only to report to the 10th floor, not this floor.

25 MR. CUMMINGS: And do you expect we will stay there all

1 that day, Your Honor?

2 THE COURT: No. In other words, opening statements will  
3 be done down here. I'm hoping we'll have the jury seated by  
4 lunchtime. We don't know given the number of jurors coming in,  
5 all right? But I wanted everybody to know that. And I'll see the  
6 rest of you tomorrow morning at 9:00.

7 If there's nothing further, we'll recess court for the  
8 day. Thank you.

9 (Which were all the proceedings  
10 had at this time.)

11

12 CERTIFICATE OF THE REPORTER

13 I certify that the foregoing is a correct transcript of the  
14 record of proceedings in the above-entitled matter.

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/s/  
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Anneliese J. Thomson

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